

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Own Motion to Evaluate Existing
Practices and Policies for Processing Offset Rate
Increases and Balancing Accounts in the Water
Industry to Decide Whether New Processes are
Needed.

Rulemaking 01-12-009
(Filed December 11, 2001;
reopened July 23, 2003)

**ADMINISTRATIVE LAW JUDGE'S RULING
REQUESTING SUPPLEMENTAL INFORMATION ON SOUTHERN
CALIFORNIA WATER COMPANY'S PETITION FOR MODIFICATION OF
DECISION (D.) 03-06-072**

On April 28, 2004, Southern California Water Company (SCWC) filed a petition for modification of D.03-06-072, requesting that the Commission clarify that the procedures adopted in D.03-06-072 are to be applied on a ratemaking district basis. According to the petition, means that for SCWC's Region III, the procedures should apply to the single region-wide supply cost memorandum account that SCWC currently maintains.

On May 26, 2004, the Commission's Water Division filed a response to this petition. Water Division has also filed an addendum dated June 10, 2004. This addendum withdraws its earlier request in its response that the Commission dismiss SCWC's petition, and agrees that the Commission should rule on the proper way to maintain the balancing account for regionalized districts. The Water Division's addendum also states that if the "Commission wants to consider SCWC's request for modification of D.03-06-072, then the Commission

will need to specify what goes in the recorded rate base and how the regional earnings test for balancing account recovery be developed.”

Rule 47(b) of the Commission’s Rule of Practice and Procedure requires that a petition for modification must concisely state the justification for the requested relief and must propose specific wording to carry out all requested modifications to the decision. This ruling therefore directs SCWC to file a supplement to its petition for modification no later than July 23, 2004, addressing the questions below. In responding to these questions, SCWC should be aware that D.04-03-041 modified D.03-06-072 (and also denied rehearing). Thus, any references to D.03-06-072 are to the modified version of that decision.

- What specific changes does SCWC propose to D.03-06-072 (as modified by D.04-03-041)?
- Assuming the Commission grants SCWC’s requested modification, what should go into the recorded rate base and how should the regional earnings test for balancing account recovery be developed? (Please address this question in a method similar to that set forth in Appendix B to D.03-06-072.)

IT IS RULED that:

1. No later than July 23, 2004, Southern California Water Company (SCWC) shall file a supplement to its April 28, 2004 Petition for Modification consistent with the directives in this ruling.
2. Parties have until August 2, 2004, to file a response to SCWC’s supplement.

Dated June 28, 2004, at San Francisco, California.

/s/ JANET A. ECONOME

Janet A. Econome
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Requesting Supplemental Information on Southern California Water Company's Petition for Modification of Decision (D.) 03-06-072 on all parties of record in this proceeding or their attorneys of record.

Dated June 28, 2004, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.